



FINANCIAL AID

California State Controller's Office

TYPES OF AID

1

LOANS: MONEY YOU BORROW AND PAY BACK WITH INTEREST

Use this chart to find the types of federal student loans you can take out by applying through the Free Application for Financial Student Aid (FAFSA):

Type of Loan	Who Can Borrow	Based on Financial Need?	Interest	Amount of Loan
Direct Subsidized Loans	Undergraduate students	Yes	Interest is paid by the government during qualifying grace periods (deferment)	School determines the amount of loan
Direct Unsubsidized Loans	Undergraduate and graduate students	No	Responsible for paying the interest during ALL periods (even during school)	School determines amount of loan. Based on cost of attendance and extra financial aid
Direct Plus Loans	Graduates, professional students, or parents of undergraduates	No	Interest accumulates while in school	The amount = <i>cost</i> of attendance <i>minus</i> other financial aid received
Federal Perkins Loans*	Undergraduates and graduates	No	Low interest (5%)	You repay your school. Your school is the lender.
Subsidized Federal Stafford Loan	Undergraduates and graduates (not based on credit)	Yes	Interest rate is variable but does not exceed 8.25%	Up to \$20,500 annually. The government will subsidize your interest on loans. You pay the government back.
Unsubsidized Federal Stafford Loan	Undergraduates and graduates (not based on credit)	No	Interest rate is variable but does not exceed 8.25%	Up to \$20,500 annually. You will be charged interest from the time you take out the loan, but you may defer your payment while still in school.

*Note: Your Perkins loan is not the same as direct loans.



Does the money I borrow come directly to me?

- Most schools disburse (pay out) the money to you either directly or in your student account. You will receive at least two payments.
- Your loan servicer will contact you after you receive your first payment.

There are two types of loans:

- **Federal student loans:** funded by the federal government
- **Private student loans:** loans funded by banks, credit unions, state agencies, and private schools.



DID YOU KNOW?

Vincent Lee,
University of California, Davis



Who is my loan servicer?

- You do not choose your loan servicer.
- You will be assigned to the best servicer(s) based on your FAFSA.
- Each loan servicer has its own different process and payment methods.
- Your loan servicer may not always send you a bill, but it's YOUR responsibility to stay up to date on payments.

2

GRANTS & SCHOLARSHIPS

- What are they? Money you are given and don't have to pay back
- Federal Pell Grants are for undergraduate students. For more information, visit <http://www2.ed.gov/programs/fpg/index.html>.
- For more details on scholarships, such as finding scholarships, claiming scholarships, and how scholarships affect your student aid, visit <https://studentaid.ed.gov/types/grants-scholarships/finding-scholarships>.

66% STUDENTS SAY THAT HAVING STUDENT LOANS TO REPAY WILL HAVE AN INFLUENCE ON THE JOB THEY TAKE OR THE CAREER THEY PURSUE¹

INTERESTING
FACT

Toshe Ayo-Ariyo, University of Pennsylvania



3

WORK STUDY

- Work-study job refers to a job, usually on-campus, provided by the school.
- Not everyone is eligible for a work-study job. It is based on financial need.
- Contact your school's financial aid office to find out how to apply for a work-study job.



APPLYING FOR FAFSA

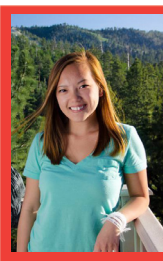
STEP 1

Fill out FAFSA at www.fafsa.ed.gov

» The Free Application for Federal Student Aid (FAFSA) is a quick and free application to help you access government grants and loans that can help you pay for college.

» To find out who gets awarded financial aid, visit <https://studentaid.ed.gov/eligibility>.

Tip!



Fill out FAFSA by January even though it's due in March! It will make the process a lot easier!

Bao Nhia, University of Wisconsin, Madison

STEP 2

Verification (Data Retrieval Process)

» You might be asked to go through a verification process.

» Some are chosen at random.

» You will be automatically entered into the verification process depending on tax form. Factors may include whether your parents own a small business, file taxes after FAFSA deadline, etc..

- You will also receive a Student Aid Report within three days to three weeks after submitting FAFSA.
- The SAR will calculate how much aid you will be eligible to receive at each school where you have been accepted.

STEP 4

Claim Your Financial Aid

» To find out how to claim your aid, visit <https://studentaid.ed.gov/fafsa/next-steps/receive-aid>.

STEP 3

Wait for an Award Letter (<https://studentaid.ed.gov/fafsa/next-steps>).

» An award letter can be sent as early as spring or as late as fall, depending on when each school decides to release aid deadlines.

» The financial aid office at each individual college you have been accepted to is responsible for explaining what you are awarded.

Tip!



Choose free money (scholarships & grants) first, then earned money (work study), and then consider loaning from the federal government if needed.

David Chavac, California State University, LA

34% OF FIRST-YEAR STUDENTS SAY THEY WERE ADMITTED TO THEIR FIRST-CHOICE COLLEGE BUT DID NOT ATTEND BECAUSE OF COST²

STEP 5

Tell Your School Which Financial Aid You Will Accept

» Click on the link for a detailed explanation of your options when accepting financial aid: <https://studentaid.ed.gov/fafsa/next-steps/accept-aid>

» If you have received an award letter from your school, visit <https://studentaid.ed.gov/fafsa/next-steps/accept-aid#i-will-need-to-borrow>.

» If you need to take out loans, visit this link to decide which loans to accept: <https://studentaid.ed.gov/fafsa/next-steps/accept-aid#i-will-need-to-borrow>.



Tsai Wei Chen,
University of Chicago

INTERESTING
FACT

1 http://www.econ.org/aboutus/Making_the_Case_2012.pdf

2 <http://www.fastweb.com/financial-aid/articles/883-five-surprising-financial-aid-facts>